

Function 370: Commerce and Housing Credit

Function 370 includes deposit insurance and financial regulatory agencies such as: the Securities and Exchange Commission (SEC); the mortgage credit programs of the Department of Housing and Urban Development (HUD); the Department of Commerce's Census Bureau, its business promotion programs, and its technology development programs; rural housing loans; the Small Business Administration's business loans; the Postal Service (USPS); and other regulatory agencies such as the Federal Communications Commission (FCC).

Appropriated Programs

- ***House Republican Budget Resolution Tracks President's Budget*** — The House Republican budget provides negative \$534 million of appropriated funding for 2003 for Function 370, the same level provided by the President's budget. The President's budget also displays \$131 million in this function to account for the full cost of accruing all pensions, retired pay, and retiree health benefits for employees. This amount reflects only an accounting change, and does not represent a programmatic increase. See *Appropriated Programs* and *Creative Accounting* for further discussion. Negative spending levels in this function are relatively commonplace because credit programs and the fee-funded programs in the function often receive more in collections than they spend.
- ***Republican Budgets Decrease Appropriated Funding for Function 370*** — The Republican budgets reflect a decrease of \$1.4 billion from the 2002 enacted level of \$885 million. The difference between the 2003 level and the 2002 enacted level exists because, among other reasons, the 2003 budget does not continue 2002 increases for the Postal Service's response to anthrax attacks and because the budget cuts technology programs as discussed below.
- ***Republicans Reject Democratic Efforts to Strengthen the Securities and Exchange Commission (SEC)*** — In January, the President signed into law legislation that authorized increases in pay and benefits for SEC employees to make them comparable to agencies that regulate banking, such as the Federal Deposit Insurance Corporation (FDIC). Despite the Enron scandal, which indicates the importance of and need for a strong, well-funded SEC, the budget does not provide funding for this pay parity provision. The SEC has argued that it suffers from high rates of employee turnover because higher salaries are available elsewhere, and that pay parity is needed for the agency to attract and retain high-quality personnel. During the Budget Committee markup of the resolution, Democrats offered an amendment that would have funded SEC pay parity. Democrats unanimously voted in favor of the amendment, but the amendment was defeated by unanimous Republican opposition.

- Republican Budgets Provide No New Money for Postal Service to Respond to September 11***— The Republican budgets provide no new appropriated funding for USPS to respond to the challenges posed by the September 11 and subsequent anthrax attacks. In November, the Postmaster General testified that USPS needed assistance of \$3 billion or more to respond to the direct effects of the September 11 and anthrax attacks and to purchase new equipment and implement new security procedures to prevent future attacks. As part of the \$40 billion in emergency supplemental appropriations provided last year, USPS received \$675 million toward these purposes. The 2003 Republican budgets provide no additional funding for these purposes.
- Cuts to Digital Divide Program***
The Republican budgets eliminate funding for Technology Opportunities Program (TOP) grants of the National Telecommunications and Information Administration (NTIA). TOP grants to state and local agencies help to bridge the digital divide by building information infrastructure in underserved communities.
- Funding Cut for Industrial Technology Programs***— The Republican budgets cut funding for the Commerce Department’s Advanced Technology Program to \$108 million, \$76 million (41.3 percent) below the 2002 enacted level of \$184 million. The program provides assistance to U.S. businesses and joint research and development ventures to help them improve their competitive position. Last year Congress rejected the Administration’s proposal to eliminate funding for this program. The Republican budgets also reduce funding for the Commerce Department’s Manufacturing Extension Partnership to \$13 million, a cut of 87.8 percent below the 2002 enacted level of \$107 million. The program is a national network of manufacturing extension centers which enhance the competitiveness of U.S. small manufacturers by providing them with access to technologies and expertise.
- Cuts to Rural Housing Programs*** — For three rural housing loan programs in the Department of Agriculture, the Republican budgets will result in 2003 loan levels that are lower than for 2002. For Section 502 direct loans for single-family housing, the Republican budgets support \$957 million in loans for 2003, \$123 million (11.4 percent) less than for 2002. For Section 502 guaranteed loans for single-family housing, the Republican budgets support \$2.8 billion in loans for 2003, \$388 million (12.4 percent) less than for 2002. For Section 515 direct loans for rental housing, the Republican budgets support \$60 million in loans for 2003, \$54 million (47.4 percent) less than in 2002.